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**Moore & Van Allen**

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Suite 4700  
100 North Tryon Street  
Charlotte, NC 28202-4003

June 15, 2007

**VIA HAND DELIVERY**

Mr. Charles Terreni  
Chief Clerk Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive  
Columbia, South Carolina 29210

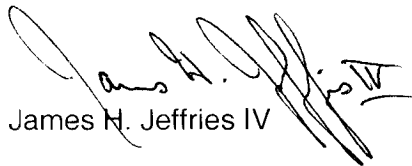
**Re: Docket No. 2005-125-G: Notice of Election of Piedmont Natural Gas Company, Inc. for Application of the Natural Gas Rate Stabilization Act to its Rates and Charges**

Dear Mr. Terreni:

Enclosed please find an original and 26 copies of the *Notice of Filing of Quarterly Monitoring Report and Proposed Rate Changes* in the docket shown above. Please accept the original and 25 copies for filing and return the additional "filed" stamped copy to my courier.

Thank you for your assistance with this matter. If you have any questions about this filing you may reach me at the number shown above.

Sincerely,



James H. Jeffries IV

Enclosures

c: All Parties of Record

Research Triangle, NC  
Charleston, SC

**BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA**

**DOCKET NO. 2005-125-G**

In the Matter Of

Notice of Election of Piedmont Natural Gas  
Company, Inc. for Application of the Natural  
Gas Rate Stabilization Act to its Rates and  
Charges

**NOTICE OF FILING OF QUARTERLY  
MONITORING REPORT AND  
PROPOSED RATE CHANGES**

Piedmont Natural Gas Company, Inc. ("Piedmont"), through counsel and pursuant to Sections 58-5-430 and 58-5-440 of the South Carolina Natural Gas Rate Stabilization Act ("Act"), hereby submits (1) its quarterly monitoring report for the twelve-month period ending March 31, 2007, and (2) proposed changes to the fixed gas cost recovery component of Piedmont's base rates. Piedmont requests that the Public Service Commission of South Carolina ("Commission") review and accept the attached documents consistent with Sections 58-5-430 and 58-5-440 and issue an Initial Order approving the proposed fixed gas cost recovery rate adjustments on or before October 15, 2007 in conformance with the procedures set forth in Section 58-5-455 of the Act.

In support of this filing, Piedmont respectfully shows unto the Commission as follows:

1. Any notices or other communications with respect to this matter should be sent to:

Jane Lewis-Raymond  
Vice President and General Counsel  
Piedmont Natural Gas Company, Inc.  
P.O. Box 33068  
Charlotte, NC 28233  
Telephone: (704) 731-4261

And

James H. Jeffries IV<sup>1</sup>  
Moore & Van Allen PLLC  
Bank of America Corporate Center  
100 North Tryon Street, Suite 4700  
Charlotte, North Carolina 28202-4003  
Telephone: (704) 331-1079

And

Jeremy C. Hodges  
Nelson Mullins Riley & Scarborough, LLP  
1320 Main Street, Suite 1700  
Columbia, South Carolina 29201  
Telephone: (803) 255-9766

2. On April 25, 2005, Piedmont provided notice to the Commission of its election of the application of the terms of the Act to Piedmont's rates and charges for gas distribution services provided within the state of South Carolina. In conjunction with its election and as required by Sections 58-5-410 and 58-5-420, Piedmont requested that the Commission make findings and establish ongoing procedures as required to make prospective adjustments to Piedmont's base rates utilizing the rates, charges, revenues, expenses, capital structure, returns, and other matters established in Piedmont's most recent general rate proceeding in Docket No. 2002-63-G.

3. Consistent with its prior election for application of the Act to its rates and charges, and pursuant to the requirements of Section 58-5-430 of the Act, Piedmont has attached hereto various schedules constituting its quarterly monitoring report to the Commission for the twelve-month period ended March 31, 2007. In conformance with the requirements of Section 58-5-440 of the Act, Piedmont has also included in the schedules attached hereto the calculation of its *pro forma* revenues, expenses, rate base, capital structure and return for the twelve months ended March 31, 2007.<sup>2</sup> Because Piedmont's calculated return on equity of

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<sup>1</sup> Mr. Jeffries has been previously admitted to practice before this Commission in this docket *pro hac vice* in conformance with the rules of the South Carolina Supreme Court.

<sup>2</sup> These *pro forma* adjustments include a projected increase in revenues attributable to the increase in the fixed gas cost component of Piedmont's base rates requested herein.

12.98% is within the  $\pm$  50 basis point band surrounding Piedmont's approved return on equity of 12.6%, no change in the margin component of Piedmont's rates is proposed in this filing. The attached schedules, however, do reflect proposed rate revisions needed to adjust Piedmont's base rates to properly recover its fixed gas costs.

4. The Schedules attached hereto and incorporated herein by reference consist of the following:

- (1) Present Rate Schedules are incorporated herein by reference as filed in GCRM-120 effective January 1, 2007;
- (2) Proposed Rate Schedules;
- (3) Gas Plant at Original Cost;
- (4) Depreciation;
- (5) Materials and Supplies;
- (6) Cash Working Capital;
- (7) Net Operating Income and Return;
- (8) Pro Forma Revenues;
- (9) Proposed Revenues;
- (10) WNA Factors.

5. The *pro forma* revenue calculations shown on Schedule (7) indicate that \$1,795,575 in additional revenues is required to permit Piedmont the opportunity to recover one-hundred percent (100%) of its prudently incurred fixed gas costs.

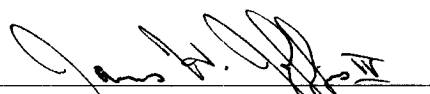
6. Based upon the calculations provided in Schedules (3)-(10), Piedmont proposes the changes to its tariff rates reflected in Schedule (2) hereto.

7. Consistent with the requirements of Sections 58-5-430 and 58-5-455, Piedmont is concurrently serving copies of this filing on the Office of Regulatory Staff, all parties of record to this proceeding and any other interested party that has requested in writing to receive such filings.

WHEREFORE, Piedmont Natural Gas Company, Inc. respectfully requests that the Commission accept and review Piedmont's quarterly monitoring report for the twelve-month period ended March 31, 2007 and issue an Initial Order approving Piedmont's proposed adjustments to the fixed gas cost recovery component of its rates on or before October 15, 2007.

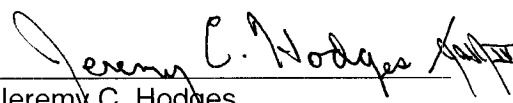
Respectfully submitted, this the 15th day of June, 2007.

**PIEDMONT NATURAL GAS COMPANY, INC.**

  
James H. Jeffries IV

OF COUNSEL:

Moore & Van Allen PLLC  
Bank of America Corporate Center  
100 North Tryon Street, Suite 4700  
Charlotte, North Carolina 28202-4003  
(704) 331-1079

  
Jeremy C. Hodges

OF COUNSEL:

Nelson Mullins Riley & Scarborough, LLP  
1320 Main Street, Suite 1700  
Columbia, South Carolina 29201  
(803) 255-9766

## **CERTIFICATE OF SERVICE**

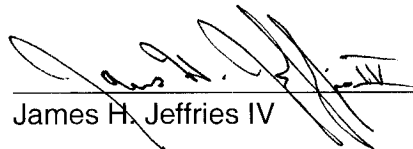
The undersigned hereby certifies that five copies of the attached Notice are being served this date via hand-delivery upon:

Office of Regulatory Staff  
1441 Main Street  
Suite 300  
Columbia, South Carolina

And that one copy of the attached Notice is being served this date on the other parties to this proceeding by U.S. Mail addressed as follows:

Scott Elliott  
South Carolina Energy Users Committee  
Elliott & Elliott, P.A.  
721 Olive Street  
Columbia, South Carolina 29205

This the 15th day of June, 2007.



James H. Jeffries IV

STATE OF NORTH CAROLINA

**VERIFICATION**

COUNTY OF MECKLENBURG

Pia Powers, being duly sworn, deposes and says that she is Manager – Regulatory Affairs of Piedmont Natural Gas Company, Inc., that as such, she has read the foregoing Petition and knows the contents thereof; that the same are true of her own knowledge except as to those matters stated on information and belief and as to those she believes them to be true.

*Pia Powers*

Pia Powers

Mecklenburg County, North Carolina

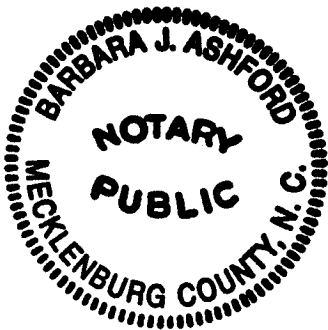
Signed and sworn to before me this day by Pia Powers.

Date: June 12, 2007

*Barbara J. Ashford*

Barbara Ashford, Notary Public

My commission expires: Feb. 26, 2011



Piedmont Natural Gas  
Index to Schedules  
Period Ended March 31, 2007

- |               |   |
|---------------|---|
| SCHEDULE 1 -  | Present rate schedules are incorporated herein by reference as filed in GCRM 120 effective January 1, 2007. |
| SCHEDULE 2 -  | Present and proposed rate schedules.  |
| SCHEDULE 3 -  | Gas plant at original cost.   |
| SCHEDULE 4 -  | Depreciation schedule.  |
| SCHEDULE 5-   | Materials and supplies.   |
| SCHEDULE 6 -  | Cash working capital.   |
| SCHEDULE 7 -  | Net Operating Income and Return.  |
| SCHEDULE 8 -  | Proforma revenues.  |
| SCHEDULE 9 -  | Proposed revenues.  |
| SCHEDULE 10 - | WNA Factors.  |



# **SCHEDULE 1**

**(Incorporated herein by reference as filed in GCRM 120  
effective January 1, 2007)**

# **SCHEDULE 2**

Piedmont Natural Gas Company  
 South Carolina  
 Present and Proposed Rates  
 March 31, 2007

		Present Rates	Proposed Rates
201	Residential - Value		
	Monthly Charge-Winter	10.00	10.00
	Monthly Charge-Summer	8.00	8.00
	Winter (Nov.-Mar.) Per Therm	1.22516	1.22670
	Summer (Apr.-Oct.) Per Therm	1.17395	1.17554
221	Residential - Standard		
	Monthly Charge-Winter	10.00	10.00
	Monthly Charge-Summer	8.00	8.00
	Winter (Nov.-Mar.) Per Therm	1.39833	1.42054
	Summer (Apr.-Oct.) Per Therm	1.38493	1.41200
205	Gas Lights - Unmetered		
	Monthly Charge Per Fixture	15.00	15.00
206	Emergency Service		
	Emergency Service Per Therm	\$1.00 + gas cost	\$1.00 + gas cost
	Unauthorized Over Run Penalty Per Therm	\$2.50 + gas cost	\$2.50 + gas cost
202	Small General Service-Standard		
	Monthly Charge	22.00	22.00
	Winter (Nov.-Mar.) Per Therm	1.29824	1.31632
	Summer (Apr.-Oct.) Per Therm	1.26753	1.28072
232	Small General Service-Value		
	Monthly Charge	22.00	22.00
	Winter (Nov.-Mar.) Per Therm		
	First 2,000	1.24508	1.25777
	Over 2,000	1.21861	1.22821
	Summer (Apr.-Oct.) Per Therm		
	First 2,000	1.15594	1.16085
	Over 2,000	1.12957	1.13383
252	Medium General Service-Standard		
	Monthly Charge	75.00	75.00
	Winter (Nov.-Mar.) Per Therm	1.29653	1.30560
	Summer (Apr.-Oct.) Per Therm	1.24962	1.25545
262	Medium General Service-Value		
	Monthly Charge	75.00	75.00
	Winter (Nov.-Mar.) Per Therm		
	First 5,000	1.21910	1.22719
	Over 5,000	1.18620	1.19225
	Summer (Apr.-Oct.) Per Therm		
	First 5,000	1.12979	1.13179
	Over 5,000	1.10695	1.10715

Piedmont Natural Gas Company  
 South Carolina  
 Present and Proposed Rates  
 March 31, 2007

		Present Rates	Proposed Rates
242	General Service-Motor Fuel		
	Monthly Charge	22.00	22.00
	Winter (Nov.-Mar.) Per Therm	0.97467	0.99202
	Summer (Apr.-Oct.) Per Therm	0.97637	0.99941
203	Large General Service		
	Monthly Charge	250.00	250.00
	Billing Demand Per Therm	1.90000	1.90000
	Winter (Nov.-Mar.) Per Therm		
	First 15,000	1.00225	1.02460
	Next 15,000	0.93772	0.95505
	Next 75,000	0.88837	0.90724
	Next 165,000	0.85834	0.85010
	Next 330,000	0.79477	0.79477
	Over 600,000	0.76620	0.76620
	Summer (Apr.-Oct.) Per Therm		
	First 15,000	0.92764	0.93699
	Next 15,000	0.88128	0.88856
	Next 75,000	0.85432	0.87089
	Next 165,000	0.83977	0.83153
	Next 330,000	0.78977	0.78977
	Over 600,000	0.76620	0.76620
204	Interruptible Service		
	Monthly Charge	250.00	250.00
	Winter (Nov.-Mar.) Per Therm		
	First 15,000	1.05359	1.08756
	Next 15,000	0.98926	1.01933
	Next 75,000	0.93254	0.97523
	Next 165,000	0.89016	0.90312
	Next 330,000	0.85174	0.89315
	Over 600,000	0.80620	0.80620
	Summer (Apr.-Oct.) Per Therm		
	First 15,000	0.93664	0.94860
	Next 15,000	0.88892	0.90070
	Next 75,000	0.85515	0.87200
	Next 165,000	0.83263	0.84142
	Next 330,000	0.80477	0.80477
	Over 600,000	0.77620	0.77620

Piedmont Natural Gas Company  
 South Carolina  
 Present and Proposed Rates  
 March 31, 2007

		Present Rates	Proposed Rates
213	Large General Service		
	Monthly Charge	250.00	250.00
	Standby Demand Per Therm	1.30000	1.30000
	Billing Demand Per Therm	0.60000	0.60000
	Winter (Nov.-Mar.) Per Therm		
	First 15,000	0.25115	0.25413
	Next 15,000	0.18564	0.18787
	Next 75,000	0.13892	0.14090
	Next 165,000	0.10834	0.10010
	Next 330,000	0.04477	0.04477
	Over 600,000	0.01620	0.01620
	Summer (Apr.-Oct.) Per Therm		
	First 15,000	0.17654	0.18157
	Next 15,000	0.12971	0.13371
	Next 75,000	0.10139	0.10558
	Next 165,000	0.06587	0.07874
	Next 330,000	0.03977	0.03977
	Over 600,000	0.01620	0.01620
214	Interruptible Service		
	Monthly Charge	250.00	250.00
	Winter (Nov.-Mar.) Per Therm		
	First 15,000	0.25143	0.25400
	Next 15,000	0.18588	0.18768
	Next 75,000	0.13890	0.13999
	Next 165,000	0.09184	0.09231
	Next 330,000	0.04483	0.04524
	Over 600,000	0.01620	0.01620
	Summer (Apr.-Oct.) Per Therm		
	First 15,000	0.17697	0.18122
	Next 15,000	0.13014	0.13316
	Next 75,000	0.10169	0.10381
	Next 165,000	0.07315	0.07424
	Next 330,000	0.03963	0.06009
	Over 600,000	0.01620	0.01620

# **SCHEDULE 3**

## Schedule 3

Piedmont Natural Gas Company  
Original Cost of Property Used and Useful  
in Public Service in South Carolina  
March 31, 2007

<u>Line No.</u>	<u>Title of Account</u>	
1	Intangible Plant	\$146,199
2	Production Plant	222,250
3	Local Storage Plant	6,247,038
4	Transmission Plant	39,926,061
5	Distribution Plant	287,151,694
6	General Plant	<u>27,188,801</u>
7	Total	<u>\$360,882,042</u>

# **SCHEDULE 4**



Piedmont Natural Gas Company  
 South Carolina Operations  
 Accumulated Depreciation, Depreciation Policy and Rates  
March 31, 2007

Accumulated Depreciation

Per books as of March 31, 2007

\$129,944,541

Depreciation Policy

Piedmont computes depreciation expense monthly using the straight-line method applied to end-of-the-month depreciable costs.

The Company began booking depreciation expense at the depreciation rates recommended in a depreciation study performed in 2005. These depreciation rates were approved as a result of the Commission's findings in Docket No. 2005-125-G, Order No. 2005-567.

Piedmont allocates depreciation expense on the LNG plant located in North Carolina between South Carolina and North Carolina on the basis of design-day demand during the test period. We allocate depreciation expense on other jointly-used property between South Carolina, North Carolina and Tennessee or between South Carolina and North Carolina only, on the basis of net plant depending upon the actual usage of the property.

Piedmont computes depreciation expense on transportation equipment over estimated useful lives after deducting from the original cost an estimated salvage value of 25% for passenger cars and 20% for trucks and heavy equipment.

Depreciation Rates

Based on plant in service as of March 31, 2007, the current composite depreciation rates are:

Intangible Plant	20.00%
Production Plant	2.62%
Local Storage Plant	1.91%
Transmission Plant	2.10%
Distribution Plant	3.01%
General Plant	8.37%

# **SCHEDULE 5**

## Schedule 5

Piedmont Natural Gas Company  
South Carolina Operations  
Average Materials and Supplies  
March 31, 2007

Line  
No.

1	Operating and Construction Supplies (a)	\$608,400
2	Natural Gas Stored (b)	<u>19,175,806</u>
3	Total	<u>\$19,784,206</u>

(a) Includes Materials Distribution Center inventory allocated to South Carolina on the ratio of South Carolina net plant before joint property to total South Carolina and North Carolina net plant before joint property as of March 31, 2007 (15.95% to SC).

(b) Allocated to South Carolina on the basis of design day in South Carolina and North Carolina for the twelve months ended March 31, 2007 (16.16% to SC).

# **SCHEDULE 6**

Piedmont Natural Gas Company  
 South Carolina Operations  
 Cash Working Capital  
March 31, 2007

Line  
No.

1	One-Eighth (12.5%) of Operations and Maintenance Expenses	\$3,793,719
2	Cash Working Funds (a)	39,750
3	Prepayments (b)	380,094
4	Average Tax Accruals (deduct)	<u>974,185</u>
5	Total	<u>\$5,187,747</u>

(a) A portion allocated to South Carolina on the ratio of South Carolina net plant before joint property to total net plant before joint property as of March 31, 2007 (13.24% to SC) and a portion on the ratio of South Carolina net plant before joint property to total South Carolina and North Carolina net plant before joint property (15.95% to SC).

(b) Allocated to South Carolina on the ratio of South Carolina net plant before joint property to total net plant before joint property as of March 31, 2007 (13.24% to SC).

# **SCHEDULE 7**

Piedmont Natural Gas Company South Carolina Operations Updated Net Operating Income and Rate of Return For the Twelve Months Ended March 31, 2007						
	(1) Per Books	(2) Accounting and Pro Forma Adjustments	(3) After Accounting and Pro Forma Adjustments	(4) Adjustments for Proposed Margin	(5) Adjustments for Demand Cost Under-Recovery	(6) After Adjustments for Proposed Rates
<u>Operating Revenues</u>						
1 Sale and Transportation of Gas	201,382,985	(\$1,076,672) (1)	\$200,306,313		\$1,795,575 (11)	\$202,101,888
2 Other Operating Revenues	945,789	0	945,789			945,789
3 Total Operating Revenues	202,328,775	(1,076,672)	201,252,102		1,795,575	203,047,678
<u>Operating Expenses</u>						
4 Cost of Gas	125,494,760	(2,098,826) (2)	123,395,934		1,785,055 (12)	125,180,989
5 Operations and Maintenance	30,349,750	(1,950,251) (3)	28,399,498		10,521 (13)	28,410,019
6 Depreciation	11,529,236	(230,252) (4)	11,298,984			11,298,984
7 General Taxes	6,680,910	(160,954) (5)	6,519,955			6,519,955
8 State Income Taxes	572,568	651,824 (6)	1,224,392			1,224,392
9 Federal Income Taxes	14,264,806	(6,145,951) (7)	8,118,855			8,118,855
10 Amortization of Investment Tax Credits	(59,487)		(59,487)			(59,487)
11 Total Operating Expenses	188,832,544	(9,934,412)	178,898,132		1,795,575	180,693,707
12 Net Operating Income	13,496,231	8,857,740	22,353,971		0	22,353,971
13 Interest on Customers' Deposits	(120,366)		(120,366)			(120,366)
14 Amortization of Debt Redemption Premium	(14,343)	(386) (8)	(14,728)			(14,728)
15 Allowance for Funds Used During Construction	274,075		274,075			274,075
16 Customer Growth	109,682	72,632 (9)	182,315			182,315
17 Net Operating Income for Return	13,745,279	\$8,929,987	\$22,675,266		\$0	\$22,675,266
<u>Original Cost Rate Base</u>						
18 Plant in Service	360,882,042		\$360,882,042			\$360,882,042
19 Accumulated Depreciation	(129,944,541)		(129,944,541)			(129,944,541)
20 Net Plant in Service	230,937,501		230,937,501			230,937,501
<u>Add:</u>						
21 Construction Work in Progress	5,889,778		5,889,778			5,889,778
22 Materials and Supplies	19,784,206		19,784,206			19,784,206
23 Cash Working Capital	4,943,966	(243,781) (10)	4,700,184			4,700,184
<u>Deduct:</u>						
24 Customers' Advances	3,599		3,599			3,599
25 Customers' Deposits	3,845,353		3,845,353			3,845,353
26 Accumulated Deferred Income Taxes	33,102,582		33,102,582			33,102,582
27 Unclaimed Funds	370,639		370,639			370,639
28 Original Cost Rate Base	224,233,277	(\$243,781)	223,989,496			223,989,496
<u>Rate of Return</u>						
29 On Original Cost Rate Base	6.13%		10.12%			10.12%

Piedmont Natural Gas Company  
South Carolina Operations  
Return on Common Equity and Original  
Cost Net Investment  
For the Twelve Months Ended March 31, 2007

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Accounting and Pro Forma Adjustments	Adjusted Capitalization	Ratio	Cost Net Investment	Embedded Cost	Overall Cost Rate	Net Operating Income
	Per Books							
1 Long-Term Debt	835,999,998	\$0	\$835,999,998	47.06%	\$105,406,617	6.92%	3.25%	\$7,288,868
2 Common Equity	940,503,454	0	\$940,503,454	52.94%	118,582,879	12.98%	6.87%	15,386,398
3 Total	1,776,503,452	\$0	\$1,776,503,452	100.00%	\$223,989,496		10.12%	\$22,675,266



Piedmont Natural Gas Company  
South Carolina Operations  
Accounting and Pro Forma Adjustments  
Twelve Months Ended March 31, 2007

Schedule 7  
Page 3 of 4

Line  
No.

1	<u>Operating Revenues - Sale and Transportation of Gas</u> To decrease revenues to the going-level basis.	\$ (1,076,672) =====
2	<u>Cost of Gas</u> To decrease cost of gas to the going-level basis.	\$ (2,098,826) =====
3	<u>Operations and Maintenance Expenses</u>	
A	To decrease payroll costs to the going-level basis.	(\$315,158)
B	To decrease expenses for the salary and payroll investment plans.	(34,061)
D	To decrease expenses for pension costs.	(52,551)
E	To decrease expenses for the provision for uncollectible accounts to reflect actual net write-offs over a three-year period.	(274,537)
F	To decrease expenses for allocations to non-utility activities.	(14,280)
G	To decrease expenses for the long-term incentive plan.	(240,355)
H	To decrease expenses for the short-term incentive plan.	(31,352)
I	To increase expenses for the MVP incentive plan.	109,948
J	To increase expenses for group insurance for projected costs increases.	71,143
K	To decrease expenses for Piedmont Town Center lease.	(938)
L	To decrease expenses for the South Carolina assessment fee.	(17,196)
M	To decrease expenses for non-allowables for ratemaking purposes.	(134,965)
N	To decrease expense for amortization of early retirement incentive	(1,015,948)
	Total	----- (\$1,950,251) =====
4	<u>Depreciation Expense</u> To decrease depreciation expense to the going-level basis using recently completed depreciation study rates.	(\$230,252) =====
5	<u>General Taxes</u>	
A	To decrease property taxes to the going-level basis.	\$ (12,262)
B	To decrease payroll taxes to the going-level basis.	(148,692)
	Total	----- \$ (160,954) =====

Piedmont Natural Gas Company  
South Carolina Operations  
Accounting and Pro Forma Adjustments  
Twelve Months Ended March 31, 2007

Schedule 7  
Page 4 of 4

Line  
No.

6	<u>State Income Taxes</u> To increase state income taxes (rate of 5%) following a computation after accounting and pro forma adjustments.	\$651,824 =====
7	<u>Federal Income Taxes</u> To decrease federal income taxes (rate of 35%) following a computation after accounting and pro forma adjustments.	(\$6,145,951) =====
8	<u>Amortization of Debt Redemption Premium</u> To decrease net operating income for amortization of debt redemption premium.	(\$386) =====
9	<u>Customer Growth</u> To increase net operating income to reflect anticipated customer growth (rate of .82%) following the adjustments to operating revenues and expenses.	\$72,632 =====
10	<u>Cash Working Capital</u> To decrease cash working capital following the pro forma adjustments to operations and maintenance expenses (rate of 12.5%).	(\$243,781) =====
11	<u>Operating Revenues - Sale and Transportation of Gas</u> To increase revenue requirement for the sale and transportation of gas associated with the demand cost under-recovery.	\$1,795,575 =====
12	<u>Cost of Gas</u> To increase cost of gas for the demand cost under-recovery.	\$1,785,055 =====
13	<u>Operations and Maintenance Expenses</u>	
A	To increase the provision for uncollectible accounts (rate of .29024%) following the adjustment to operating revenues.	\$5,181
B	To increase the utility license fee (rate of .30%) following the adjustment to operating revenues.	\$5,340
	Total	----- \$10,521 =====

# **SCHEDULE 8**

## PIEDMONT NATURAL GAS COMPANY, INC.

## SCHEDULE 8

## PRO FORMA REVENUE CALCULATIONS

Page 1 of 3

(dekatherms) Rate Schedule	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (5)	Proforma Bills (6)	Clean Rates (7)	Proforma Revenue (8)
<b>Residential Service - Value 201</b>						
Bills - Winter	252,228			252,228	10.00	\$2,522,280
Bills - Summer	357,179			357,179	8.00	\$2,857,432
DTs - Winter	2,609,510	190,323	2,799,834		\$12.2516	\$34,302,441
DTs - Summer	957,849	102,034	1,059,883		\$11.7395	\$12,442,498
<b>Residential Service - Standard 221</b>						
Bills - Winter	322,117			322,117	10.00	\$3,221,170
Bills - Summer	423,461			423,461	8.00	\$3,387,688
DTs - Winter	2,484,098	194,343	2,678,441		\$13.9833	\$37,453,444
DTs - Summer	521,469	112,018	633,487		\$13.8493	\$8,773,352
<b><u>TOTAL RESIDENTIAL</u></b>						
<b>Bills</b>	<b>1,354,985</b>			<b>1,354,985</b>		
<b>DT's</b>	<b>6,572,926</b>	<b>598,719</b>	<b>7,171,645</b>			<b>\$104,960,305</b>
<b>Small General Service - Standard 202</b>						
Bills	120,771			120,771	\$22.00	\$2,656,962
DTs - Winter	1,571,036	132,601	1,703,637		\$12.9824	\$22,117,303
DTs - Summer	312,201	71,282	383,483		\$12.6753	\$4,860,764
<b>Small General Service - Value 232</b>						
Bills	46,178			46,178	\$22.00	\$1,015,916
First 200	965,405	29,978	995,383		\$12.4508	\$12,393,314
Over 200	251,647	7,814	259,461		\$12.1861	\$3,161,821
DTs - Winter	1,217,052	37,792	1,254,844			
First 200	1,025,573	21,013	1,046,586		\$11.5594	\$12,097,908
Over 200	79,990	1,639	81,629		\$11.2957	\$922,057
DTs - Summer	1,105,563	22,652	1,128,215			
<b>Medium General Service - Standard 252</b>						
Bills	253			253	\$75.00	\$18,975
DTs - Winter	137,649	2,840	140,489		\$12.9653	\$1,821,483
DTs - Summer	33,126	13,254	46,380		\$12.4962	\$579,568
<b>Medium General Service - Value 262</b>						
Bills	1,108			1,108	\$75.00	\$83,100
First 500	197,125	978	198,103		\$12.1910	\$2,415,076
Over 500	235,199	1,167	236,366		\$11.8620	\$2,803,779
DTs - Winter	432,324	2,146	434,470			
First 500	255,290	5,959	261,249		\$11.2979	\$2,951,564
Over 500	189,001	4,412	193,412		\$11.0695	\$2,140,979
DTs - Summer	444,291	10,371	454,661			

## PIEDMONT NATURAL GAS COMPANY, INC.

## SCHEDULE 8

## PRO FORMA REVENUE CALCULATIONS

Page 2 of 3

Rate Schedule	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (5)	Proforma Bills (6)	Clean Rates (7)	Proforma Revenue (8)
<b>Small General Service - Motor Fuel 242</b>						
Bills	24			24	\$22.00	\$528
DTs - Winter	1,113		1,113		\$9.7467	\$10,848
DTs - Summer	1,677		1,677		\$9.7637	\$16,370
<b><u>TOTAL COMMERCIAL</u></b>						
Bills	168,334			168,334		
DT's	5,256,031	292,938	5,548,969			\$72,068,315
<b>Large General Service - Sales 203</b>						
Bills	123			123	\$250.00	\$30,750
Demand DT'S	23,057			23,057	\$19.00000	\$438,079
First 1,500	62,212	0	62,212		\$10.0225	\$623,524
Next 1,500	38,997	0	38,997		\$9.3772	\$365,685
Next 7,500	26,605	0	26,605		\$8.8837	\$236,346
Next 16,500	0	1	0		\$8.5834	\$0
Next 33,000	0	0	0		\$7.9477	\$0
Over 60,000	0	0	0		\$7.6620	\$0
DTs - Winter	127,814		127,814			
First 1,500	84,702	0	84,702		\$9.2764	\$785,727
Next 1,500	39,797	0	39,797		\$8.8128	\$350,727
Next 7,500	9,325	0	9,325		\$8.5432	\$79,663
Next 16,500	0	0	0		\$8.3977	\$0
Next 33,000	0	0	0		\$7.8977	\$0
Over 60,000	0	0	0		\$7.6620	\$0
DTs - Summer	133,824		133,824			
<b>Large General Service - Transportation 213</b>						
Bills	511			511	\$250.00	\$127,750
Demand DT'S	91,561			91,561	\$6.00000	\$549,367
Standby DT's				-	\$13.00000	\$0
First 1,500	291,808	0	291,808		\$2.5115	\$732,876
Next 1,500	216,491	0	216,491		\$1.8564	\$401,894
Next 7,500	214,629	0	214,629		\$1.3892	\$298,162
Next 16,500	(14,060)	0	(14,060)		\$1.0834	(\$15,233)
Next 33,000	0	0	0		\$0.4477	\$0
Over 60,000	(801,588)	0	(801,588)		\$0.1620	(\$129,857)
DTs - Winter	(92,719)		(92,719)			
First 1,500	395,405	0	395,405		\$1.7654	\$698,047
Next 1,500	260,829	0	260,829		\$1.2971	\$338,322
Next 7,500	216,459	0	216,459		\$1.0139	\$219,467
Next 16,500	16,500	0	16,500		\$0.6587	\$10,869
Next 33,000	3,000	0	3,000		\$0.3977	\$1,193
Over 60,000	806,186	0	806,186		\$0.1620	\$130,602
DTs - Summer	1,698,378		1,698,378			

## PIEDMONT NATURAL GAS COMPANY, INC.

## SCHEDULE 8

## PRO FORMA REVENUE CALCULATIONS

Page 3 of 3

(dekatherms)	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (5)	Proforma Bills (6)	Clean Rates (7)	Proforma Revenue (8)
Rate Schedule						
<b>Interruptible Service - Sales 204</b>						
Bills	254			254	\$250.00	\$63,500
First 1,500	121,086	0	121,086		\$10.5359	\$1,275,745
Next 1,500	93,130	0	93,130		\$9.8926	\$921,294
Next 7,500	93,178	0	93,178		\$9.3254	\$868,917
Next 16,500	74,494	0	74,494		\$8.9016	\$663,117
Next 33,000	2,798	1	2,798		\$8.5174	\$23,832
<u>Over 60,000</u>	0	0	0		\$8.0620	\$0
DTs - Winter	384,685	1	384,685			
First 1,500	169,522	0	169,522		\$9.3664	\$1,587,811
Next 1,500	101,606	0	101,606		\$8.8892	\$903,193
Next 7,500	95,140	0	95,140		\$8.5515	\$813,589
Next 16,500	37,350	0	37,350		\$8.3263	\$310,985
Next 33,000	0	0	0		\$8.0477	\$0
<u>Over 60,000</u>	0	0	0		\$7.7620	\$0
DTs - Summer	403,617		403,617			
<b>Interruptible Service - Transportation 214</b>						
Bills	672			672	\$250.00	\$168,000
First 1,500	390,666	0	390,666		\$2.5143	\$982,252
Next 1,500	333,446	0	333,446		\$1.8588	\$619,809
Next 7,500	653,130	0	653,130		\$1.3890	\$907,198
Next 16,500	285,323	0	285,323		\$0.9184	\$262,040
Next 33,000	23,799	0	23,799		\$0.4483	\$10,669
<u>Over 60,000</u>	12,570	0	12,570		\$0.1620	\$2,036
DTs - Winter	1,698,933		1,698,933			
First 1,500	563,304	0	563,304		\$1.7697	\$996,879
Next 1,500	454,459	0	454,459		\$1.3014	\$591,433
Next 7,500	810,437	0	810,437		\$1.0169	\$824,133
Next 16,500	282,824	0	282,824		\$0.7315	\$206,886
Next 33,000	944	0	944		\$0.3963	\$374
<u>Over 60,000</u>	0	0	0		\$0.1620	\$0
DTs - Summer	2,111,967	0	2,111,967			
<b><u>TOTAL INDUSTRIAL</u></b>						
Bills	1,560			1,560		
Demand	114,618			114,618		
DT's	6,466,499	1	6,466,499			\$19,277,652
<b>Outdoor Gaslight Service - Rate 205</b>						
Fixtures	48		48		\$15.00	\$720
DTs - Winter	16		16			
DTs - Summer	22		22			
<b>Annual Revenues From Special Contracts</b>						\$ 3,999,321
<b>TOTAL BILLS</b>	<b>1,524,879</b>			<b>1,524,879</b>		
<b>TOTAL WINTER</b>	<b>10,571,511</b>	<b>560,047</b>	<b>11,131,557</b>			
<b>TOTAL SUMMER</b>	<b>7,723,984</b>	<b>331,611</b>	<b>8,055,595</b>			
<b>ANNUAL TOTAL</b>	<b>18,295,494</b>	<b>891,658</b>	<b>19,187,151</b>		<b>REVENUE</b>	<b><u>\$200,306,313</u></b>

# **SCHEDULE 9**

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**PRO FORMA REVENUE CALCULATIONS**

(dekatherms) Rate Schedule	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (5)	Proforma Bills (6)	Proposed Rate	Proposed Revenue
<b>Residential Service - Value 201</b>						
Bills - Winter	252,228			252,228	\$ 10.00	\$ 2,522,280
Bills - Summer	357,179			357,179	\$ 8.00	\$ 2,857,432
DTs - Winter	2,609,510	190,323	2,799,834		12.2670	34,345,559
DTs - Summer	957,849	102,034	1,059,883		11.7554	12,459,350
<b>Residential Service - Standard 221</b>						
Bills - Winter	322,117			322,117	\$ 10.00	\$ 3,221,170
Bills - Summer	423,461			423,461	\$ 8.00	\$ 3,387,688
DTs - Winter	2,484,098	194,343	2,678,441		14.2054	38,048,326
DTs - Summer	521,469	112,018	633,487		14.1200	8,944,836
<b><u>TOTAL RESIDENTIAL</u></b>						
<b>Bills</b>	<b>1,354,985</b>			<b>1,354,985</b>		
<b>DT's</b>	<b>6,572,926</b>	<b>598,719</b>	<b>7,171,645</b>			
				<b>112,915</b>		<b>\$105,786,642</b>
<b>Small General Service - Standard 202</b>						
Bills	120,771			120,771	\$ 22.00	2,656,962
DTs - Winter	1,571,036	132,601	1,703,637		13.1632	22,425,321
DTs - Summer	312,201	71,282	383,483		12.8072	4,911,345
<b>Small General Service - Value 232</b>						
Bills	46,178			46,178	\$ 22.00	1,015,916
First 200	965,405	29,978	995,383		12.5777	12,519,628
Over 200	<u>251,647</u>	<u>7,814</u>	<u>259,461</u>		12.2821	3,186,730
DTs - Winter	1,217,052	37,792	1,254,844			
First 200	1,025,573	21,013	1,046,586		11.6085	12,149,296
Over 200	<u>79,990</u>	<u>1,639</u>	<u>81,629</u>		11.3383	925,534
DTs - Summer	1,105,563	22,652	1,128,215			
<b>Medium General Service - Standard 252</b>						
Bills	253			253	\$ 75.00	18,975
DTs - Winter	137,649	2,840	140,489		13.0560	1,834,225
DTs - Summer	33,126	13,254	46,380		12.5545	582,272
<b>Medium General Service - Value 262</b>						
Bills	1,108			1,108	\$ 75.00	83,100
First 500	197,125	978	198,103		12.2719	2,431,102
Over 500	<u>235,199</u>	<u>1,167</u>	<u>236,366</u>		11.9225	2,818,079
DTs - Winter	432,324	2,146	434,470			
First 500	255,290	5,959	261,249		11.3179	2,956,789
Over 500	<u>189,001</u>	<u>4,412</u>	<u>193,412</u>		11.0715	2,141,366
DTs - Summer	444,291	10,371	454,661			
<b>Small General Service - Motor Fuel 242</b>						
Bills	24			24	\$ 22.00	528
DTs - Winter	1,113		1,113		9.9202	11,041
DTs - Summer	1,677		1,677		9.9941	16,756



**PIEDMONT NATURAL GAS COMPANY, INC.**  
**PRO FORMA REVENUE CALCULATIONS**

Page 2 of 3

(dekatherms) Rate Schedule	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (5)	Proforma Bills (6)	Proposed Rate	Proposed Revenue
<b><u>TOTAL COMMERCIAL</u></b>						
<b>Bills</b>	<b>168,334</b>			<b>168,334</b>		
<b>DT's</b>	<b>5,256,031</b>	<b>292,938</b>	<b>5,548,969</b>			<b>\$72,684,965</b>
<b>Large General Service - Sales 203</b>						
Bills	123			123	\$ 250.00	30,750
Demand DT'S	23,057			23,057	\$ 19.00	438,079
First 1,500	62,212	0	62,212		10.2460	637,428
Next 1,500	38,997	0	38,997		9.5505	372,444
Next 7,500	26,605	0	26,605		9.0724	241,367
Next 16,500	0	1	0		8.5010	-
Next 33,000	0	0	0		7.9477	-
<u>Over 60,000</u>	0	0	0		7.6620	-
DTs - Winter	127,814		127,814			
First 1,500	84,702	0	84,702		9.3699	793,646
Next 1,500	39,797	0	39,797		8.8856	353,624
Next 7,500	9,325	0	9,325		8.7089	81,208
Next 16,500	0	0	0		8.3153	-
Next 33,000	0	0	0		7.8977	-
<u>Over 60,000</u>	0	0	0		7.6620	-
DTs - Summer	133,824		133,824			
<b>Large General Service - Transportation 213</b>						
Bills	511			511	\$ 250.00	127,750
Demand DT'S	91,561			91,561	\$ 6.00	549,367
Standby DT's				-	\$ 13.00	0
First 1,500	291,808	0	291,808		2.5413	741,572
Next 1,500	216,491	0	216,491		1.8787	406,722
Next 7,500	214,629	0	214,629		1.4090	302,412
Next 16,500	(14,060)	0	(14,060)		1.0010	(14,074)
Next 33,000	0	0	0		0.4477	-
<u>Over 60,000</u>	(801,588)	0	(801,588)		0.1620	(129,857)
DTs - Winter	(92,719)		(92,719)			
First 1,500	395,405	0	395,405		1.8157	717,936
Next 1,500	260,829	0	260,829		1.3371	348,755
Next 7,500	216,459	0	216,459		1.0558	228,537
Next 16,500	16,500	0	16,500		0.7874	12,992
Next 33,000	3,000	0	3,000		0.3977	1,193
<u>Over 60,000</u>	806,186	0	806,186		0.1620	130,602
DTs - Summer	1,698,378		1,698,378			
<b>Interruptible Service - Sales 204</b>						
Bills	254			254	\$ 250.00	63,500
First 1,500	121,086	0	121,086		10.8756	1,316,877
Next 1,500	93,130	0	93,130		10.1933	949,298
Next 7,500	93,178	0	93,178		9.7523	908,695
Next 16,500	74,494	0	74,494		9.0312	672,771
Next 33,000	2,798	1	2,798		8.9315	24,990
<u>Over 60,000</u>	0	0	0		8.0620	-
DTs - Winter	384,685	1	384,685			

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**PRO FORMA REVENUE CALCULATIONS**

(dekatherms)	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (5)	Proforma Bills (6)	Proposed Rate	Proposed Revenue
Rate Schedule						
First 1,500	169,522	0	169,522		9.4860	1,608,086
Next 1,500	101,606	0	101,606		9.0070	915,163
Next 7,500	95,140	0	95,140		8.7200	829,620
Next 16,500	37,350	0	37,350		8.4142	314,268
Next 33,000	0	0	0		8.0477	-
<u>Over 60,000</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>7.7620</u>	<u>-</u>
DTs - Summer	403,617		403,617			
<b>Interruptible Service - Transportation 214</b>						
Bills	672			672	\$ 250.00	168,000
First 1,500	390,666	0	390,666		2.5400	992,292
Next 1,500	333,446	0	333,446		1.8768	625,811
Next 7,500	653,130	0	653,130		1.3999	914,317
Next 16,500	285,323	0	285,323		0.9231	263,381
Next 33,000	23,799	0	23,799		0.4524	10,767
<u>Over 60,000</u>	<u>12,570</u>	<u>0</u>	<u>12,570</u>		<u>0.1620</u>	<u>2,036</u>
DTs - Winter	1,698,933		1,698,933			
First 1,500	563,304	0	563,304		1.8122	1,020,820
Next 1,500	454,459	0	454,459		1.3316	605,157
Next 7,500	810,437	0	810,437		1.0381	841,315
Next 16,500	282,824	0	282,824		0.7424	209,968
Next 33,000	944	0	944		0.6009	567
<u>Over 60,000</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0.1620</u>	<u>-</u>
DTs - Summer	2,111,967	0	2,111,967			
<b><u>TOTAL INDUSTRIAL</u></b>						
Bills	1,560			1,560		
Demand	114,618			114,618		
DT's	6,466,499	1	6,466,499			
						<b>\$19,630,151</b>
<b>Outdoor Gaslight Service - Rate 205</b>						
Fixtures	48		48		15.0000	720
DTs - Winter	16		16			
DTs - Summer	22		22			
<b>Annual Revenues From Special Contracts</b>						3,999,321
<b>TOTAL BILLS</b>	<b>1,524,879</b>			<b>1,524,879</b>		
<b>TOTAL WINTER</b>	<b>10,571,511</b>	<b>560,047</b>	<b>11,131,557</b>			
<b>TOTAL SUMMER</b>	<b><u>7,723,984</u></b>	<b><u>331,611</u></b>	<b><u>8,055,595</u></b>			
<b>ANNUAL TOTAL</b>	<b>18,295,494</b>	<b>891,658</b>	<b>19,187,151</b>			<b><u>\$202,101,799</u></b>

# **SCHEDULE 10**

### WNA Factors

	Base Rate (\$/therms)	Demand (\$/therms)	Commodity	"R" Value (\$/therms)	Heat Factor (therms/DDD)	Base Factor (therms/mo.)
<b>Residential</b>						
Value Rate	1.22670	0.02139	0.76620	0.43911	0.16684	17.78965
Standard Rate	1.42054	0.21523	0.76620	0.43911	0.14026	4.73094
<b>Commercial</b>						
<b>Rate 202</b>	1.31632	0.19938	0.76620	0.35074	0.57786	12.41506
<b>Rate 232</b>						
First 2,000 therms	1.25777	0.14083	0.76620	0.35074	0.45213	391.39994
Over 2,000 therms	1.22821	0.11127	0.76620	0.35074	0.45213	391.39994
<b>Rate 252</b>	1.30560	0.18866	0.76620	0.35074	22.34765	1479.98887
<b>Rate 262</b>						
first 5,000 therms	1.22719	0.11025	0.76620	0.35074	4.09178	6891.24482
over 5,000 therms	1.19225	0.07531	0.76620	0.35074	4.09178	6891.24482